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TRADE NEGOTIATIONS COMMITTEE

Report by Chairman

It occurs to me as I begin to speak on this subject that we shall shortly be approaching the third anniversary of the launching of the trade negotiations, and as one surveys the state of progress which unfolds itself to our eyes, this indeed is a solemn thought.

In my last statement to the CONTRACTING PARTIES on this subject I reported, perhaps with a certain professional optimism, that some progress had been made which I qualified as being perhaps slow and unspectacular, but nevertheless real.

Unhappily, looking back over the period since making that report to the CONTRACTING PARTIES it is somewhat difficult even to apply a similar degree of cautious professional optimism. In fact, as events proceeded towards the end of 1965 I became so preoccupied with, so disturbed at, the lack of progress in the negotiations that I felt it necessary to take the somewhat unusual step of drawing up a report on the state of the negotiations for consideration by responsible Ministers of governments participating in them. In this report I drew attention to the limitations of time which is still available to us to bring these negotiations to a successful conclusion, the difficult decisions which require to be made by governments to render this possible, and the very stringent programme of work which imposes itself now upon us.

In the preamble to that report I pointed out to governments that in initiating the current trade negotiations the participants had embarked upon two major ventures. First the launching of a negotiation designed to secure a degree of liberalization of the present barriers to international trade which is both deeper and more comprehensive in coverage than had been secured in previous negotiations, covering all classes of products and dealing with non-tariff as well as tariff barriers. The second, and at an equal level of importance, a series of activities to meet the urgent trade and economic development problems of less-developed countries. And I suggested that special responsibilities rested on the shoulders of the more highly developed countries which had, in ministerial resolutions on which the trade negotiations were based, committed themselves specifically to making use of the negotiations to contribute in a substantial way to the solution of these problems.

In all previous discussions I have counselled patience in considering the time-table. The operation in which we are engaged is a vast one. The stakes are very large. The consequences of both success and failure are extremely great and the time-table would naturally be somewhat proportionate to both the difficulties that such an ambitious negotiation involves and the magnitude of the issues involved.

But I felt at the end of 1965, and, naturally enough, feel even more greatly now that time is beginning to run out. It is true that in my report of 3 January I related this specifically to the expiration of the negotiating powers of the President of the United States under the Trade Expansion Act. We are told by the United States administration, and those of us who are familiar with the Washington scene I think have no difficulty in accepting this, that, in the context of un-completed negotiations, the prospects of an extension of those negotiating powers must be regarded as non-existent. But I think it is perhaps wrong to think that time is running out only because of this factor. I think time is also running out because there is a mounting degree of discouragement and disillusionment in other countries which have been preparing themselves for active negotiations over this extensive period. And I sense a growing scepticism, a growing doubt as to the credibility of this exercise, a growing difficulty for governments to maintain negotiating teams in the field, and of maintaining the interest of policy-making departments and Ministers, in an enterprise which appears to move with the velocity of a deeply submerged iceberg.

For all these reasons therefore it seemed to me then, and it seems to me even more so today, that unless governments can put themselves in a position whereby in a very short time in the future it will be possible to have delegations, with broad authority to negotiate, present continuously in Geneva and in a position to engage negotiations actively and continuously on all fronts, unless this happens we must begin to yield to a certain pessimism as to the possibilities of carrying this great enterprise forward to a successful conclusion. And, as I have said, the consequences of failure are hardly less impressive than the opportunities of success. It is, I think, no secret to anyone that in a number of important countries, a number of restrictive, protectionist, negative forces have been kept in check and control because governments have been able to point out in resisting such pressures that to yield to them would jeopardize their negotiating positions in the important trade negotiations proceeding in Geneva. I very much fear that if and when these inhibitions are lifted we may see a serious reversal of the trend of trade liberalization which has been such a profitable feature of the last decade both in terms of the international economy and in terms of national economy.

I think that I would therefore be failing in my duty to the CONTRACTING PARTIES if I were to fail on this occasion to express a note of considerable and deep concern. Quite frankly, the condition which I described a few minutes ago of bringing the negotiations to a successful conclusion, seems to me, as I look at the scene now, far from being attained. It is true as I said before that some progress, perhaps even considerable progress, has been achieved in identifying the possible areas of agreement in relation to reduction of tariffs on industrial products. I am not, however, perhaps as deeply convinced as some others that even here the exploration of positions in bilateral discussions have really been carried to the point where the maximum possibilities of fruitful negotiation can be ascertained and be available by the autumn of this year.

If one looks at the vast and vital field of negotiations on agriculture the picture is frankly one inviting complete depression. It is true that as regards cereals there has been extensive discussion which has enabled us to identify the principal obstacles to an agreement on the Cereals Arrangement. In other important sectors in agricultural trade there has been a fruitful and instructive examination of existing material about the conditions of trade in these products. I refer particularly to dairy products and meat. But, except for some proposals made by some countries, there is no comprehensive set of offers on the table to form the basis for serious international negotiation, and we cannot see clearly at this time if and when such a situation will exist. As regards the rest of the whole range of agricultural products, whilst a number of countries have made some offers on some products, these are far from complete. Moreover, for reasons which are well-known, the prospect of getting practical concrete negotiating offers, even on the somewhat ambiguous negotiating rules which are the maximum which we have been able to agree on so far, seems at present impossible.

In the field of tropical products we are far from having any clear idea of the possibilities of obtaining a major advance in this field, which is of such great importance to so many of the developing countries and where one would have thought that it was not beyond ingenuity or the will of mankind to have found a more satisfactory basis for international trade, since this does not present a serious challenge to any vested interest in the industrial parts of the world.

I shall have an equally unpleasant task to present to the CONTRACTING PARTIES in due course a report on conditions in the international trade in cotton textiles. I describe it as an unpleasant task. It is certainly one which I shall accomplish with little joy and not much satisfaction.

I apologise to the CONTRACTING PARTIES for this somewhat gloomy statement. It is an aspect of my character to which I have not habituated the CONTRACTING PARTIES in the course of the years, but I hope that perhaps if I depart on this

occasion from my usual somewhat cheerful optimism the impact may be somewhat heightened on that account, rather than diminished. This then, Mr. Chairman, is the report which as Chairman of the Trade Negotiations Committee I feel bound to present to the CONTRACTING PARTIES today.

In these circumstances it would be reasonable to anticipate that somebody would say: "What do you propose that we do about it?". I have put this question to myself and of course one of the obvious ideas that springs to mind is that, in view of the importance of this exercise, in view of the important political commitment to try and deal constructively with the urgent and economic and development problems of the less-developed countries which has been undertaken and in view of the fact that this enterprise is one which was launched by responsible Cabinet Ministers of the participating countries, the CONTRACTING PARTIES should suggest the convening of these same Ministers to consider the present situation and to ascertain whether the possibilities still exist of activating the negotiations, of bringing about the necessary political decisions and of creating the conditions for success, or alternatively to draw the opposite conclusion. However, I have come to the conclusion that such a step at this time would not be fruitful and on the contrary might prove counter-productive at this time. It is clear, however, that if the present situation continues for very much longer, a period I would measure in terms of weeks rather than months, then this is a step to which we shall have to give careful consideration because this is clearly not the sort of enterprise which can be allowed to go by default. The decision to fail would be quite as important in another sense as a decision to succeed.